

December 30, 1959

SPD-0002-60

24 11 2 15

To: Contracting Officer

Subject: Refund of Personal Property Taxes
on Contracts SP-1913, SP-1914, SP-1915,
SP-1916, SP-1917 and SP-1919

An agreement has been reached between the Department of Defense representatives and officials of Los Angeles County, with respect to a formula for determining the amount of property tax on possessory interest on government owned personal property to be refunded by Los Angeles County for the years 1953 thru 1958.

Of the total amount of tax to be refunded by Los Angeles County to the contractor, calculated pursuant to the agreed to formula mentioned in the paragraph above, about 86.9% was to be refunded immediately (it has been received), and the balance deferred until October 1960.

The Department of Defense has requested the contractor to determine the aggregate amount of the proceeds applicable to Department of Defense contracts and to issue a single check to the government for that amount.

Since the subject contracts are not under the jurisdiction of the Department of Defense, the taxes to be refunded thereon are being held pending receipt of your instructions as to their disposition.

Following is a list of the subject contracts, showing opposite each contract, (1) the total taxes to be refunded, (2) the applicable proceeds now available for refund, and (3) the deferred balance, which should be available for refund about October 1960:

<u>Contract No.</u>	<u>Total Taxes to be Refunded</u>	<u>Proceeds from L.A. County</u>	<u>Deferred Balance</u>
SP-1913	\$2,451.27	\$2,130.11	\$321.16
SP-1914	3,026.39	2,629.86	396.53
SP-1915	376.14	326.84	49.30
SP-1916	6.35	5.49	.86
SP-1917 - Cust.#1	2.61	2.26	.35
SP-1917 - Cust.#2	266.96	232.00	34.96
SP-1919	508.79	442.13	66.66
	<u>\$5,638.51</u>	<u>\$4,768.69</u>	<u>\$869.82</u>

For your information, personal property taxes when paid was charged to the Factory Overhead Pool and allocated on the basis of Factory Direct Labor Hours, therefore the amount of taxes to be refunded, by fiscal year, has been applied to each contract on the basis of Factory Direct Labor Hours charged to each contract in the affected year. Since the subject contracts were performed by the Engineering Organization, the use of Factory hours were a minor item, consequently the taxes involved were also a minor amount.

Pursuant to the above, the amount of \$5,768.69 is available for immediate refund. We would suggest that you may prefer to have us deduct the amount of the refund, (1) due under Contracts SP-1913, SP-1915 and SP-1917 - Sust. #1, from the next invoice for supplies delivered under SP-1917 - Sust. #1, and (2) due under Contracts SP-1914, SP-1916, SP-1917 - Sust. #2 and SP-1919 from the next invoice for supplies delivered under SP-1917 - Sust. #2, or you may wish to instruct us to issue a single check to the government. We will appreciate receiving your instructions in this matter at your earliest convenience.

Very truly yours,

Hal